



Dave Yost • Auditor of State

VILLAGE OF SOUTH RUSSELL
GEAUGA COUNTY

TABLE OF CONTENTS

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

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of South Russell
Geauga County
5205 Chilicothe Rd.
South Russell, OH 44022

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the Village of South Russell (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, 2013 and 2012, 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, 2013 and December 31, 2012 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2012 beginning fund balances recorded in the Cash Transaction Report to the December 31, 2011 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2013 beginning fund balances recorded in the Cash Transaction Report to the December 31, 2012 balances in the Cash Transaction Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2013 and 2012 fund cash balances reported in the Cash Transaction Report. The amounts agreed.
4. We confirmed the December 31, 2013 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, 2013 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2013 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 the one reconciling credit, a deposit in transit, from the December 31, 2013 bank reconciliation: We found no exceptions with it.
 - a. We traced each credit to the subsequent January bank statement. We found no exceptions.
 - b. We agreed the credit amounts to the Deposit Detail. Each credit was recorded as a December receipt for the same amount recorded in the reconciliation.
7. We tested investments held at December 31, 2013 and December 31, 2012 to determine that they: We noted no exceptions.
 - 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 and Intergovernmental Cash Receipts

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2013 and one from 2012:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Revenue Report. We also traced the advances noted on the Statement to the Revenue 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 Revenue Report to determine whether it included two real estate tax receipts plus 2 advances for 2013 and 2012. We noted the Revenue Report included the proper number of tax receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2013 and five from 2012. We also selected five receipts from the County Auditor's DTL's Accounts Payable Invoice Report from 2013 and five from 2012.
 - a. We compared the amount from the above reports to the amount recorded in the Revenue 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.

Income Tax Receipts

1. We obtained the December 31, 2013 and 2012 Total Distributions from the Statement of Income and Expenses reports submitted by the Central Collection Agency, 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 Revenue Report. The amounts agreed.

Debt

1. The prior audit documentation disclosed no debt outstanding as of December 31, 2011.
2. We inquired of management, and scanned the Revenue Report and Check Register Report for evidence of debt issued during 2013 or 2012 or debt payment activity during 2013 or 2013.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2013 and one payroll check for five employees from 2012 from the and:
 - a. We compared the hours and pay rate, or salary recorded in the Payroll Report 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 were reasonable based on the employees' duties as documented in the employee personal file. We also determined whether the payment was posted to the proper year. We found no exceptions.
2. For any new employees selected in step 1 we determined whether the following information in the employee personnel file 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 exceptions related to steps a. – f. above.

3. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2013 to determine whether remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period during 2013. We noted the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare	January 31, 2014	December 30, 2013	\$38,253.97	\$38,253.97
State income taxes	January 15, 2014	December 30, 2013	\$31,117.69	\$31,117.69
Municipal income taxes	January 20, 2014	December 30, 2013	\$16,731.43	\$16,731.43
OPERS retirement	January 31, 2014	December 30, 2013	\$13,068.63	\$13,068.63
OP&F retirement	January 31, 2014	December 30, 2013	\$14,735.27	\$14,735.27

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 File.
 - 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

1. From the Check Register Report, we re-footed checks recorded as General Fund disbursements for *security of persons and property*, and checks recorded as *public works* in the Safety fund for 2013. We found no exceptions.
2. We haphazardly selected ten disbursements from the Check Register Report for the year ended December 31, 2013 and ten from the year ended 2012 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 Check Register 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

Compliance – Budgetary

1. We compared the total estimated receipts from the *Amended Certificate of Estimated Resources* required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Report for the General, Street Maintenance, Safety and Special Road funds for the years ended December 31, 2013 and 2012. The amounts agreed.
2. We scanned the appropriation measures adopted for 2013 and 2012 to determine whether, for the General, Street Maintenance, Safety and Special Road 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 Expenditure Reports for 2013 and 2012 for the following funds: General, Street Maintenance, Safety and Special Road funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Expenditure Report.
4. Ohio Rev. Code Sections 5705.36(A)(5) and 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Street Maintenance, Safety and Special Road funds for the years ended December 31, 2013 and 2012. 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, 2013 and 2012 for the General, Street Maintenance, Safety and Special Road funds, as recorded in the Expenditure Reports. 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 Reports for evidence of new restricted receipts requiring a new fund during December 31, 2013 and 2012. 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 2012 and 2011 cash journal and Revenue/Expenditure 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 compilations, by the Fiscal Officer, of the categorization of fund balances in accordance with GASB 54 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.

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.



Dave Yost
Auditor of State

Columbus, Ohio

May 21, 2014

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VILLAGE OF SOUTH RUSSELL

GEAUGA 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
JUNE 10, 2014**