



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Botkins
Shelby County
210 South Mill Street
Botkins, Ohio 45306

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of The Village of Botkins 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, 2016 and 2015, 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, 2016 and December 31, 2015 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2015 beginning fund balances recorded in the YTD Fund Reports to the December 31, 2016 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2016 beginning fund balances recorded in the YTD Fund Report to the December 31, 2015 balances in the YTD Fund Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2016 and 2015 fund cash balances reported in the YTD Fund Report. The amounts agreed.
4. We confirmed the December 31, 2016 bank account balances with the Village's financial institutions. We found no exceptions.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2016 bank reconciliation:
 - a. We traced each debit to the subsequent January bank statements. 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.

Cash and Investments (Continued)

6. We tested interbank account transfers occurring in December of 2016 and 2015 to determine if they were properly recorded in the accounting records and on each bank statement. We found no exceptions.
7. We tested investments held at December 31, 2016 and December 31, 2015 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* for 2016 and one from 2015:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Revenue History Report. 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 Revenue History Report to determine whether it included two real estate tax receipts for 2016 and 2015. We noted the Revenue History Report included the proper number of tax receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2016 and five from 2015. We also selected five receipts from the Shelby County Appropriation History Report from 2016 and five from 2015
 - a. We compared the amount from the above reports to the amount recorded in the Revenue History 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.
4. We confirmed the amounts paid from the Ohio Public Works Commission to the Village during 2016 with the Commission. We found no exceptions.
 - a. We determined whether these receipts were allocated to the proper fund. We found no exceptions.
 - b. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Income Tax Receipts

1. We obtained the December 31, 2016 and 2015 Report of the Department of Taxation reports submitted by the City of St. Marys, 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 History Report. The amounts agreed.

Income Tax Receipts (Continued)

2. We compared the allocation of income tax receipts for the years ended December 31, 2016 and 2015 to the Village's funds according to the allocation requirements of Resolution No. 06-23. The allocation agreed with the percentages the Resolution requires.

Water and Sewer Fund

1. We haphazardly selected 10 Water and Sewer Fund collection cash receipts from the year ended December 31, 2016 and 10 Water and Sewer Fund collection cash receipts from the year ended 2015 recorded in the Cash Receipts Journal and determined whether the:
 - a. Receipt amount per the Customer Account History agreed to the amount recorded to the credit of the customer's account in the Cash Receipts Journal. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the New Charge Report & Penalty Post Journal for the billing period. We found no exceptions.
 - ii. Complied with rates in force during the audit period multiplied by the consumption amount recorded for the billing period, plus any applicable late penalties, plus unpaid prior billings. We found no exceptions.
 - c. Receipt was posted to the proper funds, and was recorded in the year received. We found no exceptions.
2. We read the Delinquent Utility Accounts report & New Charge Report.
 - a. We noted this report listed \$143,449.16 and \$125,798.33 of accounts receivable as of December 31, 2016 and 2015, respectively.
 - b. Of the total receivables reported in the preceding step, \$477 and \$0 were recorded as more than 90 days delinquent.
3. We read the Summary of Adjustment Analysis.
 - a. We noted this report listed a total of \$1,024.84 and \$-1,288.41 non-cash receipts adjustments for the years ended December 31, 2016 and 2015, respectively.
 - b. We selected five non-cash adjustments from 2016 and five non-cash adjustments from 2015, and noted that the Utilities Director approved each adjustment.

Debt

1. From the prior audit documentation, we noted the following loans outstanding as of December 31, 2014. These amounts agreed to the Villages January 1, 2015 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2014:
OWDA Loan- Water Tower	\$127,068
OWDA Loan- Water Treatment Plant	\$292,970
OWDA Loan- WPCLF Construction	\$1,215,371
First National Bank – Fire Truck	\$122,609

2. We inquired of management, and scanned the Check Registers and Revenue History Report for evidence of debt issued during 2016 or 2015 or debt payment activity during 2016 or 2015. All debt noted agreed to the summary we used in step 3.

Debt (Continued)

3. We obtained a summary of loans debt activity for 2016 and 2015 and agreed principal and interest payments from the related debt amortization schedules to Capital Improvement fund, Sewer Fund, and Water Fund payments reported in the Check Register 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 2016 and one payroll check for five employees from 2015 from the Payroll Check Register and:
 - a. We compared the hours and pay rate, or salary recorded in the Payroll Check Register 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 were reasonable based on the employees' duties as documented in the Wage Authorization Forms and minute record. We also determined whether the payment was posted to the proper year. We found no exceptions.
2. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2016 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 2017. We noted the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	January 31, 2017	December 29, 2016	\$3,071.21	\$3,071.21
State income taxes	January 15, 2017	December 30, 2016	\$517.86	\$517.86
School taxes	January 31, 2017	December 30, 2016	\$247.17	\$247.17
Village income taxes	January 15, 2017	December 28, 2016	\$397.03	\$397.03
OPERS retirement	January 30, 2017	December 30, 2016	\$5,099.32	\$5,099.32
OP&F retirement	January 31, 2017	December 30, 2016	\$1,149.66	\$1,149.66

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Check Register by Date for the year ended December 31, 2016 and ten from the year ended 2015 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 by Date and to the names and amounts on the supporting invoices. We found no exceptions.

Non-Payroll Cash Disbursements (Continued)

- 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 Official Certificate of Estimated Resources*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Monthly Revenue Report for the General, Street Maintenance & Repair and Water funds for the years ended December 31, 2016 and 2015. The amounts agreed.
2. We scanned the appropriation measures adopted for 2016 and 2015 to determine whether, for the General, Street Maintenance & Repair and Water 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 Expense Status Report for 2016 and 2015 for the following funds: General, Street Maintenance & Repair and Water funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Expense Status 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 & Repair and Water funds for the years ended December 31, 2016 and 2015. 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, 2016 and 2015 for the General, Street Maintenance & Repair and Water funds, as recorded in the Expense 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 History Report for evidence of new restricted receipts requiring a new fund during December 31, 2016 and 2015. 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 2016 and 2015 Expense Status Report & Revenue History Reports 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 YTD Fund Report 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 – Budgetary (Continued)

9. We scanned the YTD Fund Report for the years ended December 31, 2016 and 2015 for negative cash fund balance. Ohio Rev. Code Section 5705.10 (I) provides that money paid into a fund must be used for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another. We noted no funds having negative cash fund balance.

Compliance – Contracts & Expenditures

We inquired of management and scanned the Check Register for the years ended December 31, 2016 and 2015 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.

Other Compliance

1. Ohio Rev. Code Section 117.38 requires villages to file their financial information in the HINKLE system formerly known as the Hinkle Annual Financial Data Reporting System (Hinkle System) within 60 days after the close of the fiscal year. We reviewed HINKLE System to verify the Village filed their financial information within the allotted timeframe for the years ended December 31, 2016 and 2015. No exceptions noted.

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 the Auditor of State, 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

April 17, 2017



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VILLAGE OF BOTKINS

SHELBY 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
MAY 4, 2017