

VILLAGE OF ELGIN

VAN WERT COUNTY

JANUARY 1, 2009 TO DECEMBER 31, 2010

AGREED UPON PROCEDURES



Dave Yost • Auditor of State

Members of Council
Village of Elgin
17810 St. Rt. 81
Elgin, Ohio 45838

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of the Village of Elgin, Van Wert County, prepared by E.S. Evans and Company, 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 Elgin is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

September 30, 2011

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E.S. Evans and Company

Certified Public Accountants

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E.S. Evans, CPA, PFS (1930-1999) • Robert E. Wendel, CPA • Dan F. Clifford, CPA, CVA
Steven D. Hooker, CPA • John E. Klay, CPA

August 1, 2011

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Elgin
Van Wert County
17810 St Rt 81
Elgin, OH 45838

We have performed the procedures enumerated below, with which the Village Council and Mayor and the management of the Village of Elgin (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, 2009 and December 31, 2010 bank reconciliations. We could not test these as the fiscal officer does not prepare written bank reconciliations.
2. We agreed the January 1, 2009 beginning fund balances recorded in the Annual Report of Beginning and Ending Balances to the December 31, 2008 balances in the prior year audited statements. The balance does not agree by \$369. The variance is in the general fund and is higher on the December 31, 2008 audited financial statements.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2009 and 2010 fund cash balances reported in the Annual Report of Beginning and Ending Balances. We could not agree these as the fiscal officer does not prepare written bank reconciliations.

4. We confirmed the December 31, 2009 and 2010 bank account balance with the Village's financial institution. The confirmed balance of the general checking account and the investment account was \$1,348.29 lower than the Annual Report for 2009. The confirmed balance of the general checking account and the investment account was \$5,790.68 higher than the Annual Report for 2010. We also agreed the confirmed balances to the amounts appearing in the December 31, 2009 and 2010 bank reconciliations. We could not agree these as the fiscal officer does not prepare written bank reconciliations.
5. 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 noted 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 were unable to trace the gross receipts from the Statement to the amount recorded in the Receipt Register Report because the Statements were unavailable from the fiscal officer.
 - 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 Status 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 Status Report included the proper number of tax 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 Vendor Detail Confirmation (VDC) from 2010 and five from 2009.
 - a. We compared the amount from the DTL and VDC to the amount recorded in the Revenue Status 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.
4. There were no other confirmable receipts that exceeded 10% of all funds' receipts.

Debt

1. The prior audit report disclosed no debt outstanding as of December 31, 2008.
2. We inquired of management, and scanned the Receipt Register Report and Payment Register Detail Report 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.

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 Employee Payroll Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Employee 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 cash journal. We found no exceptions.
 - c. We determined whether the fund and account code(s) to which the check was posted were reasonable based on the employees' duties as required by statute. We also determined whether the payment was posted to the proper account. 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, 2010 to determine whether remittances were timely paid, and that the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, 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 & Medicare	January 31, 2011	1-29-11	\$238.53	\$238.53
OPERS retirement	January 31, 2011	1-29-11	\$1,974.00	\$1,974.00

Non-Payroll Cash Disbursements

1. From the Appropriation Ledger, we refooted checks recorded as General Fund disbursements for security of persons and property for 2010 and 2009. We found no exceptions. There were no expenditures recorded as public works in any of the funds for 2010 and 2009.

2. We haphazardly selected ten disbursements from the Appropriation Ledger for the year ended December 31, 2010 and ten from the year ended December 31, 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 Cash Journal 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 and the Certificate of the Total Amount From all Sources Available for Expenditures, and Balances required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General, Street Maintenance and Repair Fund and the State Highway Fund 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, Street Maintenance and Repair Fund, and the State Highway Fund, the Trustees 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 Ledger for 2010 and 2009 for the following funds: General, Street Maintenance and Repair Fund and the State Highway Fund. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Ledger reports.
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 Maintenance and Repair Fund and State Highway Fund 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, Street Maintenance and Repair Fund and State Highway Fund as recorded in the Appropriation Status Report. We noted no funds for which expenditures exceeded appropriations for December 31, 2009. The Street Maintenance and Repair Fund's expenditures for December 31, 2010 exceeded appropriations by \$2,746.80 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 Fiscal Officer may request 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 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 any 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 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.

Officials' Response – provided by Lila Whyman, Clerk/Treasurer

Cash – Step 1 – As far as I can tell, written bank reconciliations have never been done by any previous clerk-treasurers. I did not have any at the last audit. If this is required, written bank reconciliations will be prepared in the future.

Cash – Step 2 – The ending balance for the general fund in 2008 and the beginning balance for the general fund in 2009 of \$1803.15 match according to my records. However, there was a correction that our local internal audit found that I corrected after the first of the year of two items that had not been posted that totaled over \$300.00. That correction was done after the Annual Report of Beginning and Ending Balances and was therefore not reflected in the records.

Cash – Step 3 – As far as I can tell, written bank reconciliations have never been done by any previous clerk-treasurers. I did not have any at the last audit. If this is required, written bank reconciliations will be prepared in the future.

Cash – Step 4 – Having no bank reconciliations to show outstanding checks or deposits, I cannot account for the variances in the bank account balances and the Annual Reports. I and/or the incoming fiscal officer may need to work with a bank representative to determine actual cash on hand. Written bank reconciliations will be done in the future on a monthly basis.

Property Taxes, Intergovernmental and Other Confirmable Cash Receipts – Step 1a – I am uncertain what Statement you are referring to. Is this a report of property taxes that I should prepare or is it something sent from the county or state?

Compliance – Budgetary – Step 5 – A Resolution was made at the October 11th Council meeting to transfer funds for street repairs. The transfers (from 3 different funds) were to go to B1-6-B – Street Maintenance and Repair. In the Appropriations ledger, I show that I posted the transfers to B1-6-A – Street Construction and Reconstruction – in error instead. The transfers and payment should have been out of B1-6-B as intended, and not B-6-A.

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, 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.

E. J. Green and Company



Dave Yost • Auditor of State

VILLAGE OF ELGIN

VAN WERT 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
OCTOBER 13, 2011