

VILLAGE OF SHERRODSVILLE

CARROLL COUNTY, OHIO

AGREED-UPON PROCEDURES

For the Years Ended December 31, 2011 & 2010

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



Dave Yost • Auditor of State

Village Council
Village of Sherrodsville
15 South Sherrod Avenue
P.O. Box 31
Sherrodsville, Ohio 44675

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of the Village of Sherrodsville, Carroll County, prepared by Charles E. Harris & Associates, Inc., for the period January 1, 2010 through December 31, 2011. 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 Sherrodsville is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

August 7, 2012

VILLAGE OF SHERRODSVILLE
CARROLL COUNTY, OHIO
Agreed-Upon Procedures
For the Years Ended December 31, 2011 & 2010

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

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Sherrodsville
Carroll County
15 South Sherrod Avenue, P.O. Box 31
Sherrodsville, Ohio 44675

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the Village of Sherrodsville (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, 2011 and 2010, 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, 2011 and December 31, 2010 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2010 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2009 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, 2011 and 2010 fund cash balances reported in the Fund Status Reports. The amounts agreed.
4. We confirmed the December 31, 2011 bank account balance with the Village's financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2011 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2011 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.

Property Taxes and Intergovernmental Receipts

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the *Statement*) for 2011 and one from 2010:
 - 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 two real estate tax receipts for 2011 and 2010. We noted the Receipts Register Report included the proper number of tax receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2011 and five from 2010. We also selected five receipts from the County Auditor's Cross Reference Report by Vendor Number (DTL) from 2011 and five from 2010.
 - a. We compared the amount from the above reports 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 compared the allocation of income tax receipts for the years ended December 31, 2011 and 2010 to the Village's funds according to the allocation requirements of Ordinance No. 90-785. The Ordinance states that all income tax be allocated to the General Fund. However, we noted taxes withheld from employees paid from the Street Construction Maintenance and Repair Fund and the EMS Ambulance Service Fund were not remitted to the General Fund, as required.

On June 8, 2012, the Village transferred \$76.70 from the Street Construction Maintenance and Repair Fund and \$66.25 from the EMS Ambulance Service Fund to the General Fund to correct this error.

2. We selected five income tax returns filed during 2011 and five from 2010.
 - a. We compared the payment amount recorded on the tax return to the amount recorded on the deposit slip. The amounts agreed.
 - b. We compared the 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.
3. We determined whether the receipts were recorded in the year received. We found no exceptions.

4. We selected all income tax refunds from 2011 and all from 2010.
 - 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 the Fiscal Officer.
 - c. We noted the refunds were paid from the General Fund, as is required.

Over-The-Counter Cash Receipts

1. We haphazardly selected five run sheets, and agreed the patient name and service date to the related amounts billed, and the amount debited to accounts receivable report from Ohio Billing, from the year ended December 31, 2011; and five from the year ended December 31, 2010. We noted no exceptions.

We also agreed the amounts billed above to the rates in force as of the service date. We noted no exceptions.

2. We haphazardly selected five receipts recorded in the cash receipts records from the year ended December 31, 2011 and five from the year ended December 31, 2010. We compared the receipt to the amount credited in the bank statement. We also compared the date the payment was recorded in the cash receipts records to the date deposited per the bank statement. The amounts agreed and the cash was deposited timely.

Debt

1. The prior audit documentation disclosed no debt outstanding as of December 31, 2009.
2. We inquired of management, and scanned the Receipt Register Report and the Payment Register Detail Report for evidence of debt issued during 2011 or 2010 or debt payment activity during 2011 or 2010. We noted neither new debt issuances, nor any debt payment activity during 2011 and 2010.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2011 and one payroll check for five employees from 2010 from the Payroll Ledger Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Payroll Ledger 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 employees' personnel files and minute record. 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 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. Department and fund 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, 2011 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 2011. We noted the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare	January 31, 2012	January 25, 2012	\$669.95	\$669.95
State income taxes	January 15, 2012	January 13, 2012	\$50.40	\$50.40
Village of Sherrodsville income taxes	January 15, 2012	December 31, 2012	\$181.33	\$181.33
OPERS retirement	January 30, 2012	January 13, 2012	\$630.48	\$630.48

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2011 and ten from the year ended December 31, 2010 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 eleven instances where the certification date was after the vendor invoice date, and there was also no evidence that a *Then and Now Certificate* was issued. Ohio Rev. Code Section 5705.41(D) requires certifying at the time of a commitment, which should be on or before the invoice date, unless a *Then and Now Certificate* is used. Because we did not test all disbursements requiring certification, our report provides no assurance whether or not additional similar errors occurred.

Compliance – Budgetary

- 1. We compared the total estimated receipts from the *Amended Official Certificate of Estimated Resource*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General, Street Construction Maintenance and Repair, and State Highway funds for the years ended December 31, 2011 and 2010. The amounts agreed.**
- 2. We scanned the appropriation measures adopted for 2011 and 2010 to determine whether, for the General, Street Construction Maintenance and Repair, and State Highway 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 Status Report for 2011 and 2010 for the following funds: General, Street Construction Maintenance and Repair, and State Highway. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status report, except for the General Fund and Street Construction Maintenance and Repair Fund for 2010, and the General Fund for 2011. For 2010, the Appropriation Status Report showed appropriations for the General fund of \$99,104 and for the Street Construction Maintenance and Repair fund of \$23,094. However, the appropriation resolutions reflected \$98,184 for the General fund and \$23,518 for the Street Construction Maintenance and Repair fund. For 2011, the Appropriation Status Report showed appropriations for the General fund of \$93,064. However, the appropriation resolutions reflected \$85,529 for the General fund. The fiscal officer should periodically compare amounts recorded in the Appropriation Status Report to amounts recorded on appropriations resolutions to assure they agree. If the amounts do not agree, the Council may be using inaccurate information for budgeting and to monitor spending.**
- 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 Construction Maintenance and Repair, and State Highway funds for the years ended December 31, 2011 and 2010. 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, 2011 and 2010 for the General, Street Construction Maintenance and Repair, and State Highway 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, 2011 and 2010. 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 2011 and 2010 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$500 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, 2011 and 2010 for material or labor procurements which exceeded \$25,000 (\$50,000 effective September 29, 2011), 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, 2011 and 2010 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:

Income Tax Receipts: Amounts have been properly transferred and the action will now be corrected from this point forward.

Purchase Orders: Response is to certify purchases with 'Then and Now' certificates more appropriately.

Budgetary: Response is to monitor appropriation ordinance to appropriation status report more carefully to prevent discrepancies.

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, Village Council, 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.

A handwritten signature in black ink that reads "Charles E. Harris & Associates". The signature is written in a cursive, slightly slanted style.

Charles E. Harris & Associates, Inc.
June 8, 2012

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Dave Yost • Auditor of State

VILLAGE OF SHERRODSVILLE

CARROLL 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 21, 2012