

VILLAGE OF BURTON

GEAUGA COUNTY

**JANUARY 1, 2011 TO DECEMBER 31, 2012
AGREED UPON PROCEDURES**



Dave Yost • Auditor of State

Members of Council
Village of Burton
P.O. Box 408
14588 W. Park Street
Burton, Ohio 44021

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of the Village of Burton, Geauga County, prepared by Julian & Grube, Inc., for the period January 1, 2011 through December 31, 2012. Based upon this review, we have accepted this report 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 Burton is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

April 18, 2013

This page intentionally left blank.



Julian & Grube, Inc. *Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Burton
Geauga County, Ohio
P.O. Box 408
14588 W. Park Street
Burton, Ohio 44021

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the Village of Burton (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, 2012 and 2011, 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, 2012 and December 31, 2011 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2011 beginning fund balances recorded in the Trial Balance Report to the December 31, 2010 balances in the prior year audited statements. We noted that the Special Revenue Fund Type cash fund balance at December 31, 2010 was \$121 less than the January 1, 2011 beginning fund balance. This was the result of a voided check. We also agreed the January 1, 2012 beginning fund balances recorded in the Trial Balance Report to the December 31, 2011 balances in the Trial Balance Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2012 and 2011 fund cash balances reported in the Trial Balance Reports. The amounts agreed.
4. We confirmed the December 31, 2012 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, 2012 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2012 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 interbank account transfers occurring in December of 2012 and 2011 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, 2012 and December 31, 2011 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 2012 and one from 2011:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the General Ledger Report. We noted that the Village posted the property tax receipt net of fees of \$4,047 and \$4,254 for 2012 and 2011, respectively. Property tax receipts should be posted at gross. We also traced the advances noted on the Statement to the General Ledger 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 General Ledger Report to determine whether it included two real estate tax receipts plus related advances for 2012 and 2011. We noted the General Ledger Report included the proper number of tax receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2012 and five from 2011. We also selected five receipts from the County Auditor's Accounts Payable Invoice Report from 2012 and five from 2011.
 - a. We compared the amount from the above reports to the amount recorded in the General Ledger 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

We obtained the December 31, 2012 and 2011 Year End Statement of Income and Expenditures 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 Statement of Revenue and Expenditures Report. The amounts agreed.

Water and Sewer Funds

1. We haphazardly selected 10 Water and Sewer Fund collection cash receipts from the year ended December 31, 2012 and 10 Water and Sewer Fund collection cash receipts from the year ended 2011 recorded in the Utility Payment Edit Report and determined whether the:
 - a. Receipt amount per the Utility Payment Edit Report agreed to the amount recorded to the credit of the customer's account in the Account Balances Report. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Account Balances Report 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. We found no exceptions.
 - c. Receipt was posted to the proper funds, and was recorded in the year received. We found no exceptions.

1. We read the Account Balances Report
 - a. We noted this report listed \$27,168 and \$22,233 of accounts receivable as of December 31, 2012 and 2011, respectively.
 - b. Of the total receivables reported in the preceding step, no amounts were recorded as more than 90 days delinquent.

2. We read the Account Late Charges Preprocess Report.
 - a. We noted this report listed a total of \$2,366 and \$2,301 non-cash receipts adjustments for the years ended December 31, 2012 and 2011, respectively.
 - b. We selected five non-cash adjustments from 2012 and five non-cash adjustments from 2011, and noted that the President of the Board of Public Affairs approved each adjustment.

Debt

1. From the prior audit documentation, we noted the following bonds and loans outstanding as of December 31, 2010. These amounts agreed to the Villages January 1, 2011 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2010:
Mortgage Revenue Bonds - Sewer	\$90,000
Burton Health Care Bonds	60,000
Ohio Public Works Issue II Loan	8,250
Ohio Public Works Issue II Loan	7,920

2. We inquired of management and scanned the General Ledger Report for evidence of debt issued during 2012 or 2011 or debt payment activity during 2012 or 2011. All debt noted agreed to the summary we used in step 3.

3. We obtained a summary of bonded and loan debt activity for 2012 and 2011 and agreed principal and interest payments from the related debt amortization schedules to the Sewer Bond and Interest fund, Burton Health Care fund, Goodwin Peckham Hickox fund, and Carlton Street Project fund payments reported in the General Ledger 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 2012 and one payroll check for five employees from 2011 from the Employee Payroll Register and:
 - a. We compared the hours and pay rate, or salary recorded in the Payroll Calculation Report to supporting documentation (time card, 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 employees' personnel files. 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 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. Departments and funds 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, 2012 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 2012. 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, 2013	12/26/12	\$1,962.05	\$1,962.05
State income taxes	January 15, 2013	12/27/12	\$822.62	\$822.62
Village of Burton income taxes	January 20, 2013	12/27/12	\$333.38	\$333.38
OPERS retirement	January 30, 2013	1/15/13	\$5,741.08	\$5,741.08
OP&F retirement	January 31, 2013	12/27/12	\$839.31	\$839.31

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 Payroll Calculation Report:
 - 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. We haphazardly selected ten disbursements from the General Ledger Report for the year ended December 31, 2012 and ten from the year ended 2011 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 General Ledger 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 the County Budget Commission*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Statement of Revenue and Expenditures Report for the General, Fire Levy, and Street Capitalization funds for the years ended December 31, 2012 and 2011. The amounts agreed.
2. We scanned the appropriation measures adopted for 2012 and 2011 to determine whether, for the General, Fire Levy and Street Capitalization 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 noted that the Annual Appropriation Ordinance, Interim passed by Council on November 28, 2011 and December 16, 2010 for 2012 and 2011 respectively, were 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). However, subsequent amendments were not appropriated at that level of detail. Council should approve all appropriation measures at the level required by Ohio Rev. Code Section 5705.38(C).
3. We compared total appropriations required by Ohio Rev. Code Sections 5705.38 and 5705.40, to the amounts recorded in the Statement of Revenue and Expenditures Report for 2012 and 2011 for the following funds: General, Fire Levy, and Street Capitalization funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Statement of Revenue and Expenditures 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, Fire Levy, and Street Capitalization funds for the years ended December 31, 2012 and 2011. 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, 2012 and 2011 for the General, Fire Levy, and Street Capitalization funds, as recorded in the Statement of Revenue and Expenditures 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 General Ledger Report for evidence of new restricted receipts requiring a new fund during December 31, 2012 and 2011. We also inquired of management regarding whether the Village received new restricted receipts. The Village established the NOPEC Grant fund during 2011 to segregate NOPEC grant receipts and disbursements, in compliance with Section 5705.09.
7. We scanned the 2012 and 2011 General Ledger Reports for evidence of interfund transfers exceeding \$20,000 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 Statement of Revenue and Expenditures 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 – Contracts & Expenditures

We inquired of management and scanned the General Ledger Report for the years ended December 31, 2012 and 2011 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 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.



Julian & Grube, Inc.
March 25, 2013



Dave Yost • Auditor of State

VILLAGE OF BURTON

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
MAY 9, 2013