

***VILLAGE OF GARRETTSVILLE***

**PORTAGE COUNTY, OHIO**

**AGREED-UPON PROCEDURES**

**For the Years Ended December 31, 2012 and 2011**







# Dave Yost • Auditor of State

The Village Council  
Village of Garrettsville  
8213 High Street  
Garrettsville, Ohio 44231

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of the Village of Garrettsville, Portage County, prepared by Charles E. Harris & Associates, 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 Garrettsville is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

July 2, 2013

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**VILLAGE OF GARRETTSVILLE  
PORTAGE COUNTY  
Agreed-Upon Procedures  
For the Years Ended December 31, 2012 and 2011**

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

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**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES**

Village of Garrettsville  
Portage County  
8213 High Street  
Garrettsville, Ohio 44231

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the Village of Garrettsville (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**

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 Fund Ledger Report to the December 31, 2010 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2012 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2011 balances in the Fund Ledger 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 Fund Status Reports. The amounts agreed.
4. We confirmed the December 31, 2012 bank account balances with the Village's financial institution. 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 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.
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.

### **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 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 2012 and 2011. 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 2012 and five from 2011. We also selected five receipts from the County Auditor's DTLs from 2012 and five from 2011.
  - 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, 2012 and 2011 to the Village's funds according to the allocation requirements of Ordinance No. 2005-05. The allocation agreed with the percentages the Ordinance requires.
2. We selected five income tax returns filed during 2012 and five from 2011.
  - a. We compared the payment amount recorded on the tax return to the amount recorded on the daily receipt listing. The amounts agreed.
  - b. We compared the cash register tape total from step a. to the amount recorded as income tax receipts in the Receipt Register Report for that date. The amounts agreed.
4. We determined whether the receipts were recorded in the year received. We found no exceptions.
5. We selected five income tax refunds from 2012 and five from 2011.
  - 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 were approved by the income tax clerk.
  - c. We noted the refunds were paid from the Income Tax Refunds Fund, as is required.

### **Water and Sewer Fund**

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 Receipt Register Report and determined whether the:

- a. Receipt amount per the Receipt Register Report agreed to the amount recorded to the credit of the customer's account in the Accounts Receivable Report. The amounts agreed.
  - b. Amount charged for the related billing period:
    - i. Agreed with the debit to accounts receivable in the Accounts Receivable 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, 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 Aged Accounts Receivable Report.
    - a. We noted this report listed \$128,946 and \$128,702 of accounts receivable as of December 31, 2012 and 2011, respectively.
    - b. Of the total receivables reported in the preceding step, \$13,826 and \$15,036 were recorded as more than 90 days delinquent.
  3. We read the Suspended Charges Report.
    - a. We noted this report listed a total of \$3,406 and \$68 non-cash receipts adjustments for the years ended December 31, 2012 and 2011, respectively.
    - b. We selected five non-cash adjustments from 2012 and two non-cash adjustments from 2011 (all that were available for 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 Village's January 1, 2011 balances on the summary we used in step 3.

<b>Issue</b>	<b>Principal outstanding as of December 31, 2010:</b>
Ohio Water Development Authority	\$76,917
Special Assessment Bonds	62,000
OPWC Loan	27,500
OPWC Loan for Issue 1: Sewer	12,657
OPWC – Forest/Elm Street: Water	22,131

2. We inquired of management, and scanned the Receipt Register Report and Payment Register Detail 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 debt and loan activity for 2012 and 2011 and agreed principal and interest payments from the related debt amortization schedules to debt service fund payments reported in the Payment Register Detail Report. We also compared the date the debt service payments were due to the date the Village made the payments. We found no exceptions.
4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the Water and Sewer fund per the Receipt Register Report. The amounts agreed.

5. For new debt issued during 2012 and 2011, we inspected the debt legislation, noting the Village must use the proceeds for a Waste Water Treatment Project. We scanned the Payment Register Detail Report and noted the Village used the money for the Waste Water Treatment Plant expansion.

**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 Detail Adjustment Report and:
  - a. We compared the hours and pay rate, or salary recorded in the Employee Detail Adjustment Report 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 minute record or as required by statute. 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, 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:

<b>Withholding (plus employer share, where applicable)</b>	<b>Date Due</b>	<b>Date Paid</b>	<b>Amount Due</b>	<b>Amount Paid</b>
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	January 31, 2013	December 28, 2012	\$6,019.43	\$6,019.43
State income taxes	January 15, 2013	December 31, 2012	\$2,080.90	\$2,080.90
Village of Garrettsville income taxes	January 31, 2013	January 17, 2013	\$401.22	\$401.22
OPERS retirement	January 30, 2013	January 2, 2013	\$16,058.79	\$16,058.79
OP&F retirement	January 31, 2013	December 31, 2012	\$2,278.10	\$2,278.10

**Non-Payroll Cash Disbursements**

1. We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2012 and ten from the year ended December 31, 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 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 one instance where the disbursement was not fully covered by the certification. Ohio Revised Code section 5705.41(D) requires the full amount of applicable disbursements to be certified. 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 Resources*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General, Street and Cemetery funds for the years ended December 31, 2012 and 2011. The amounts on the *Certificate* agreed to the amount recorded in the accounting system, except for the Street Fund. The Revenue Status Report recorded budgeted (i.e. certified) resources for the Street fund of \$317,021 for 2012. However, the final *Amended Official Certificate of Estimated Resources* reflected \$347,293. The fiscal officer should periodically compare amounts recorded in the Revenue Status Report to amounts recorded on the *Amended Official Certificate of Estimated Resources* to assure they agree. If the amounts do not agree, Council may be using inaccurate information for budgeting and to monitor spending.
2. We scanned the appropriation measures adopted for 2012 and 2011 to determine whether, for the General, Street and Cemetery funds, 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 2012 and 2011 for the following funds: General, Street and Cemetery. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation 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 and Cemetery 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, Street and Cemetery fund, 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, 2012 and 2011. 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 Revenue Status Reports and Appropriation Status 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 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**

We inquired of management and scanned the Payment Register Detail 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, 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.



*Charles E. Harris & Associates, Inc.*

June 6, 2013

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# Dave Yost • Auditor of State

**VILLAGE OF GARRETTSVILLE**

**PORTAGE 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  
JULY 16, 2013**