



Dave Yost • Auditor of State



VILLAGE OF OSTRANDER  
DELAWARE COUNTY

TABLE OF CONTENTS

**TITLE** \_\_\_\_\_ **PAGE**

Independent Accountants' Report on Applying Agreed-Upon Procedures..... 1

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

Village of Ostrander  
Delaware County  
Ostrander, Ohio

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the Village of Ostrander, Delaware County, Ohio (the Village) 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 Cash Journal Report to the December 31, 2010 balances in documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2012 beginning fund balances recorded in the Cash Journal Report to the December 31, 2011 balances in the Cash Journal 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 Cash Journal Report. 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 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, 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 Receipts Ledger. 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 Receipts Ledger to determine whether it included two real estate tax receipts for 2012 and 2011. We noted the Receipts Ledger 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 Expenditure Detail Report from 2012 and five from 2011.
  - a. We compared the amount from the above reports to the amount recorded in the Receipts Ledger. 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 2011. 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.

### **Over-The-Counter Cash Receipts**

We selected all over-the-counter cash receipts from the year ended December 31, 2012 and all over-the-counter cash receipts from the year ended 2011 recorded in the Pay-In Order book and determined whether the:

- a. Receipt amount agreed to the amount recorded in the Receipts Ledger. The amounts agreed.
- b. Amount charged complied with rates in force during the period. We found no exceptions.
- c. Receipt was posted to the proper fund, and was recorded in the proper year. We found no exceptions.

### **Sewer Fund**

1. We haphazardly selected 10 Sewer Fund collection cash receipts from the year ended December 31, 2012 and 10 Sewer Fund collection cash receipts from the year ended 2011 recorded in the Sewer Cash Receipt Journal and determined whether the:
  - a. Receipt amount per the Sewer Cash Receipt Journal agreed to the amount recorded to the credit of the customer's account in the Sewer New Charge Report. The amounts agreed.

**Sewer Fund (Continued)**

- b. Amount charged for the related billing period:
    - i. Agreed with the debit to accounts receivable in the Sewer New Charge Report for the billing period. We found no exceptions.
    - ii. Complied with rates in force during the audit period. We found no exceptions.
  - c. Receipt was posted to the proper fund, and was recorded in the year received. We found no exceptions.
2. We read the Sewer Delinquent Report.
    - a. We noted this report listed \$21,878 and \$19,609 of accounts receivable as of December 31, 2012 and 2011, respectively.
    - b. Of the total receivables reported in the preceding step, \$2,370 and \$798 were recorded as more than 90 days delinquent.
  3. We read the Monthly Cash Receipts Journals.
    - a. We noted this report listed a total of \$5,841 and \$16,621 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 Sewer Use Ordinance approved by the Board of Public Affairs approved each adjustment.

**Debt**

1. From the prior agreed-upon procedures documentation, we noted the following debt obligations 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:
1993 OWDA Sewer System	\$66,006
1992 USDA – Rural Development Sanitary Sewer System Mortgage Revenue Bonds	\$120,450

2. We inquired of management, and scanned the Receipts Ledger, Appropriation Ledger and Cash Journal 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 debt activity for 2012 and 2011 and agreed principal and interest payments from the related debt amortization schedules to the Sewer Fund payments reported in the Appropriation Ledger. 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 2010 from the Payroll Record Report and:
  - a. We compared the hours and pay rate, or salary recorded in the Payroll Record 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.

**Payroll Cash Disbursements (Continued)**

- c. We determined whether the fund and account code(s) to which the check was posted were reasonable based on the employees' duties as documented in the 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(s) and fund(s) 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:

<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	January 31, 2013	01/29/13	\$1,037.74	\$1,037.74
State income taxes	January 31, 2013	01/29/13	\$65.93	\$65.93
School District income taxes	January 31, 2013	01/29/13	\$72.49	\$72.49
OPERS retirement	January 30, 2013	12/21/12	\$697.13	\$697.13

**Non-Payroll Cash Disbursements**

1. From the Appropriation Ledger Report, we re-footed checks recorded as General Fund disbursements for *security of persons and property*, and checks recorded as *contractual services* in the Sewer fund for 2012. We found no exceptions.
2. We haphazardly selected ten disbursements from the Cash Journal 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 Cash Journal 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 did not certify any disbursements requiring certification or issue a *Then and Now Certificate*, as required by Ohio Rev. Code Section 5705.41(D).

### Compliance – Budgetary

1. We compared the total estimated receipts from the *Amended Certificate of Estimated Resources* required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Receipts Ledger for the General, Street Construction, Maintenance and Repair, and Sewer 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 Sewer Fund and the Street Construction, Maintenance & Repair Fund. The Receipts Ledger recorded budgeted (i.e. certified) resources for the Street Construction, Maintenance & Repair Fund of \$37,638 for 2012, and the Sewer Fund of \$132,000 and \$130,000 for 2012 and 2011, respectively. However, the final *Amended Official Certificate of Estimated Resources* reflected \$41,814 for the Street Construction, Maintenance & Repair Fund for 2012, and \$152,652 and \$150,000, respectively for the Sewer Fund in 2012 and 2011. The fiscal officer should periodically compare amounts recorded in the Receipts Ledger to amounts recorded on the *Amended Official Certificate of Estimated Resources* to assure they agree. If the amounts do not agree, the 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 Construction, Maintenance and Repair, and Sewer 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 Ledger for 2012 and 2011 for the following funds: General, Street Construction, Maintenance and Repair, and Sewer funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Ledger for the Street Construction, Maintenance & Repair Fund and Sewer Fund in 2012, and the General Fund in 2011. The amounts on the appropriation resolutions did not agree to the amounts recorded in the Appropriation Ledger for the General Fund in 2012 and the Street Construction, Maintenance & Repair Fund and Sewer Fund in 2011. The total appropriation resolution for the 2012 General Fund was \$42,211. The Appropriation Ledger amount for the General Fund in 2012 was \$43,311. The total appropriation resolutions for the Street Construction, Maintenance & Repair and Sewer Funds for 2011 were \$75,374 and \$241,000, respectively. The Appropriation Ledger amounts for the Street Construction, Maintenance & Repair and Sewer Funds for 2011 were \$87,374 and \$240,500, respectively.
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 Sewer 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 Construction, Maintenance and Repair, and Sewer funds, as recorded in the Appropriation Ledger. 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 Receipts Ledger 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.

**Compliance – Budgetary (Continued)**

7. We scanned the 2012 and 2011 Receipts Ledger, Appropriation Ledger, and Cash Journal Report for evidence of interfund transfers exceeding \$10,000 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 Cash Journal 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 Cash Journal Reports 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, 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

April 30, 2013



# Dave Yost • Auditor of State

VILLAGE OF OSTRANDER

DELAWARE 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 21, 2013